

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02
CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04
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FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC 8616

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E.O. 11652: N/A
TAGS: EFIN, AR
SUBJECT: GOA BUDGET

REF: BUENOS AIRES 7794

1. THE GOA HAS RELEASED REPORT GIVING STATISTICS ON
ARGENTINA'S FISCAL PERFORMANCE DURING THE PAST FEW
YEARS. HIGHLIGHTS ARE SUMMARIZED BELOW (ALL FIGURES
ARE PERCENTAGES OF THE GDP OF THE YEAR IN QUESTION):

	1974	1975	1976
TOTAL REVENUE	7.7	6.08	9.63
CURRENT REVENUE	6.06	4.07	5.64
CAPITAL REVENUE	1.45	1.96	3.91
TOTAL EXPENDITURES	13.12	16.14	14.53
DEFICIT (COA CONCEPT)	5.62	10.06	4.90

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DEFICIT (IMF CONCEPT)	6.82	12.58	7.85
CENTRAL BANK FINANCING OF DEFICIT	4.94	8.61	3.38

2. THE 1976 DEFICIT USING THE GOA CONCEPT WAS 368 BILLION PESOS -- CONSIDERABLY LESS THAN THE 476 BILLION PESOS BUDGETED. GOA SOURCES INDICATE THAT A LOWER RATE OF INFLATION THAN EXPECTED IN THE SECOND HALF OF 1976 AND INCREASED RECOURSE TO CREDIT WERE THE MAIN FACTORS RESPONSIBLE FOR THE SMALLER DEFICIT ACHIEVED IN PESO TERMS. USING THE IMF CONCEPT, HOWEVER, THE GOA TREASURY DEFICIT REMAINED QUITE HIGH -- ROUGHLY 589 BILLION PESOS -- AND, ACCORDING TO PRESS REPORTS, WOULD HAVE BEEN EVEN HIGHER IF UNPAID BILLS OF STATE ENTERPRISES WERE TAKEN INTO ACCOUNT. THE GOA REPORTEDLY FORCED YPF TO TURN OVER TO THE TREASURY IN DECEMBER A CONSIDERABLE AMOUNT IN FUEL TAXES WHICH YPF HAD COLLECTED BUT TRIED TO KEEP, CLAIMING THAT OTHER STATE ENTERPRISES OWED IT CONSIDERABLE SUMS OF MONEY. AS RESULT OF THIS MEASURE, THE GOA CAME CLOSE TO ATTAINING THE FISCAL GOAL STATED IN ITS LETTER OF COMMITMENT UNDER THE IMF STANDBY OF LIMITING THE FISCAL DEFICIT IN 1976 TO 575 BILLION PESOS.

3. THE GOA IS CONTINUING TO HAVE MEETINGS ON THE 1977 BUDGET. ACCORDING TO GOA SOURCE, PRESIDENT VIDELA AND MINISTER OF ECONOMY MARTINEZ DE HOZ ARE BOTH COMMITTED TO REDUCING THE DEFICIT IN 1977 TO 3 PERCENT OF GDP (NOT CLEAR WHETHER THE GOAL IS UNDER IMF OR GOA CONCEPT). SOURCE SAID THAT INDICATION OF GOA DEDICATION TO THIS GOAL IS FACT THAT MILITARY HAVE AGREED TO CUT THEIR OWN LIMITED OFFICIAL USE

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DEFENSE BUDGET BY 5 PERCENT IN REAL TERMS.
HILL

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NNN

Message Attributes

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Decaption Note:
Disposition Action: RELEASED
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Disposition Case Number: n/a
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